

2008 Brightwater Update

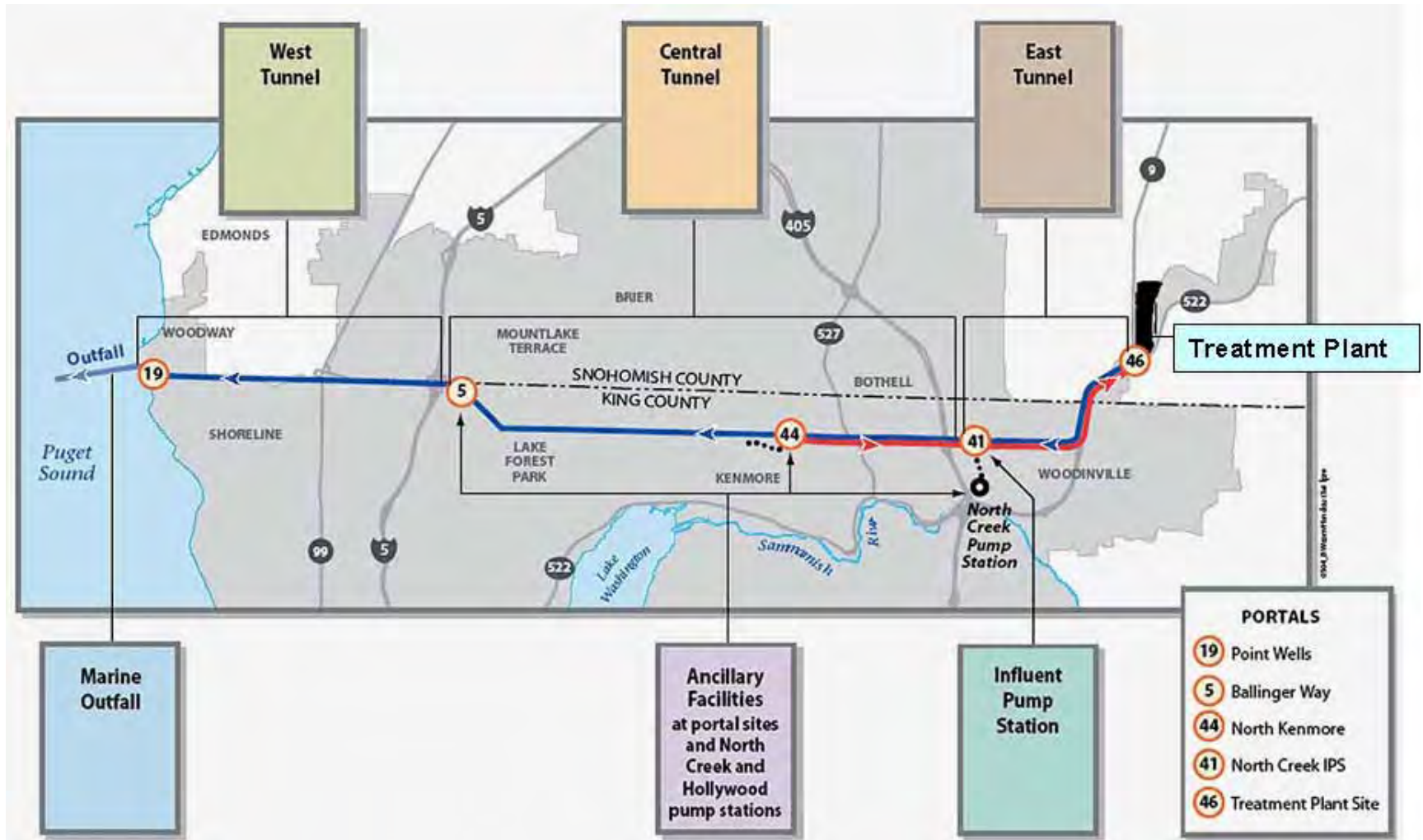
MWPAAC

July 23, 2008

Today's Presentation

- Brightwater accomplishments in 2007
- January 2008 Brightwater cost estimates
- Cost changes since January 2007
- Remaining uncertainties and expected accomplishments in 2008
- Construction Status

The Brightwater System



Brightwater Accomplishments in 2007



4.9.2007

Brightwater Accomplishments in 2007: Treatment Plant

- Completed negotiations of the Guaranteed Construction Cost (GCC) with Hoffman Construction for the liquids stream facilities
- Awarded a contract to Kiewit-Pacific for the solids/odor control facilities
- Completed site preparation for the solids/odor control facilities
- Completed Brightwater Operation Center (BOC) Tenant Improvement Contract

Brightwater Accomplishments in 2007: Conveyance System

- Launched a tunnel boring machine (TBM) from North Creek to the Brightwater Treatment Plant (East Tunnel)
- Completed the Swamp Creek micro tunnel (Central Tunnel)
- Launched a TBM from Kenmore to North Creek (Central Tunnel)
- Completed mobilization and began TMB fabrication for the West Tunnel

Brightwater Accomplishments in 2007: Mitigation

- Completed construction of the North Mitigation Area
- Signed an agreement with the City of Shoreline to create a community park at the Richmond Beach Pumping Station
- Signed Land Transfer Agreement with the City of Kenmore to create 26 acres of public park land at the Central Tunnel portal site
- Received \$675,000 in state grant funds to complete green design and interior design of the EECC
- Obtained all building permits from Snohomish County for treatment plant site and made a mitigation payment of \$17.5 million

January 2008 Brightwater Cost Estimates



Brightwater Cost Estimates

- WTD has issued seven cost estimates for Brightwater to date

Year	Cost Estimate
2001	Brightwater Phase II Siting Estimate
2002	Brightwater Draft EIS Estimate
2003	Brightwater Final EIS Estimate
2004	Brightwater Predesign Estimate (Baseline Budget)
2005	December 2005 Brightwater Trend Estimate
2007	January 2007 Brightwater Trend Estimate
2008	January 2008 Brightwater Trend Estimate

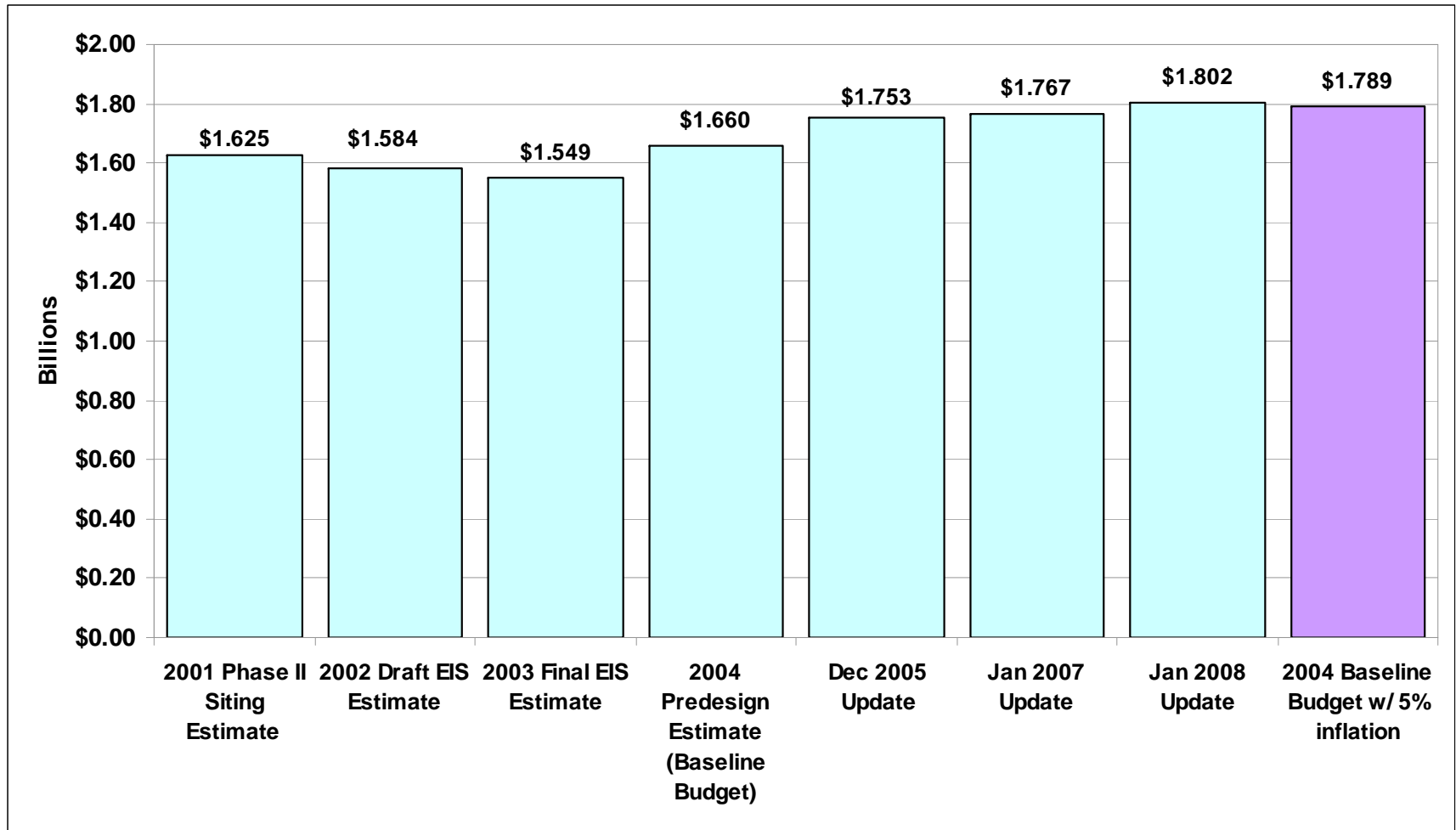
Brightwater Cost Estimates

- The current lifetime cost estimate for the Brightwater project is \$1.8 billion
- This is \$34.9 million, or about 2 percent, above the cost estimate presented in the January 2007 Update

Brightwater Component	Jan. 2007 Inflated	Jan. 2008 Inflated	Change Jan. 07–Jan. 08	Percent Change	January 2007 Inflated OMC Estimate
Treatment Plant	\$839.8	\$875.3	\$35.5	4.22%	\$882–\$911
Conveyance	\$927.5	\$926.9	\$(0.5)	-0.06%	\$ 946–\$953
Total	\$1,767.3	\$1,802.2	\$34.9	1.98%	\$1,827–\$1,862

Brightwater Cost Estimates: 2001–2008

Lifetime project costs in nominal dollars (with Inflation)





Cost Changes Since January 2007

Primary Drivers of Cost Changes: Treatment Plant

- Higher-than-anticipated bids contributed to the treatment plant cost increases
 - The bids for the Solids Contract came in high by \$11.5 million
 - The subcontractor bids for the Liquids Contract came in high by \$7.8 million
 - Additionally engineering services during construction and sales tax adjustments added \$15.2 million

Primary Drivers of Cost Changes: Conveyance System

- Costs were impacted primarily by higher-than-expected bids for the Influent Pump Station (IPS), with the low bid coming in about \$20 million higher than expected
- Bids for the Marine Outfall, which came in \$4.4 million below expectations
- Conveyance cost increases were largely offset by a reduction of \$12 million in project contingency

Significant Risks Reduced

- 98 percent of all construction contracts awarded
- Mitigation agreements with cities, tribal governments, jurisdictions, and local utilities have been negotiated and are currently on schedule
- Property acquisition and permitting are largely complete
- Legal challenges largely eliminated

Remaining Uncertainties and Expected Accomplishments in 2008



Remaining Uncertainties in 2008

- Uncertainties facing the project now shift from concerns about inflation and contractor bids to risks during construction
 - Change orders and claims associated with unforeseen ground conditions and in the completion of construction at interfaces between contractors
 - The necessary level of engineering services during construction, construction management staffing, and materials testing

Expected Near-term Accomplishments

Activity	Expected Completion
Treatment Plant	
• Mobilize Instrumentation & Control (I/C) Implementation Team to meet established milestones for deliverables in the Emerson Contract	February 2008
• Mobilize solids/odor control contractor to initiate construction	March 2008
• Complete demolition of the OPUS Building	March 2008
• Complete buyout of the Liquids Contract	June 2009
Conveyance System	
East Tunnel	
• Complete North Creek Connector	May 2008
• Complete East Tunnel	January 2009
Central Tunnel	
• Begin west bound tunnel construction	March 2008
West Tunnel	
• Begin tunnel construction	September 2008
Influent Pump Station	
• Begin IPS construction	January 2009
Marine Outfall	
• Complete construction	November 2008
Ancillary Facilities	
• Complete Hollywood Pump Station interim commissioning	May 2008
Mitigation	
• Award Second Landscape Plant Material Growing Contract	September 2008
• Purchase of 144 acres of public park and recreational lands	March 2008
• Award Landscape Installation Contract for treatment plant site	November 2008
• Award Environmental Education / Community Center (EECC) construction contract	November 2008
• Transmit final Snohomish County mitigation payment for \$16.05 million.	October 2008
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Construction Status

Critical Path Construction: East Tunnel

- Construction has fallen behind schedule
 - 3.5 months behind original 11/24/08 milestone
 - 1.5 months behind 1/14/09 revised milestone
- Measures taken to speed construction beginning in late April
 - Maintenance shift
 - Weekend work

Construction Progress Improves

Planned tunnel construction: 264 feet/week

Average weekly tunnel construction 2008 Q1: 210 feet /week

Average weekly tunnel construction 2008 Q2: 284 feet /week

Weekly Average by Month

January	144 feet/week
February	185 feet/week
March	301 feet/week
April	206 feet/week
May	379 feet/week
June	268 feet/week

Critical Path Construction: Influent Pump Station (IPS)

- WTD is issuing a no-cost change order that moves the IPS site construction access date from 11/24/08 to 1/14/09

Non-Critical Path Construction

- Central Tunnel – West Section
 - 1 week behind schedule
- Central Tunnel – East Section
 - 1 month behind schedule
- West Tunnel
 - 3 months behind schedule
 - Delay in TBM manufacturing and delivery
- Treatment Plant and IPS
 - On schedule

Brightwater Completion Schedule

- Hydraulic completion occurs February 2011
- Sewage treatment begins May 2011

New OMC Recommendations

- Refine and update East Tunnel mitigation plans and strategies for schedule delay – On going
- Reassess end of job staffing and consultant needs – To be undertaken
- Monitor progress of all tunnel construction contracts to identify any potential delays and their potential risk/cost impacts – On going